

SECRET

DEPARTMENT OF STATE
WASHINGTON

June 20, 1981

MEMORANDUM FOR: THE PRESIDENT

FROM: Walter J. Stoessel, Jr., Acting Secretary

SUBJECT: Visit of Malcolm Fraser, Prime Minister
of Australia, June 30, 1981

I. THE SETTING

US-Australian relations are good. Prime Minister Fraser's policies are strongly pro-American. He has supported the US internationally when many other allies had problems doing so (wheat boycott, carrier task force cruise of the Indian Ocean, a destroyer on station in the Western Indian Ocean since January). Currently, however, he is under strong attack from his Labor Opposition and from those within his own Liberal Party who dislike Fraser's autocratic style. However, thus far he has not faltered in his support for these or for other important US interests in Australia.

Like all post-World War II Australian heads of government, PM Fraser must consult with the US President on a regular basis to validate his pro-American policies in the eyes of his party and the voting public. If possible, he must demonstrate that the alliance yields concrete benefits and that US leaders take Australia's views into account. This is particularly important because of the large US private sector investment in Australia (over \$7.5 billion and rising) and US trade surplus (over \$1 billion) and our joint defense facilities.

II. OBJECTIVES

1. To express appreciation for the Government of Australia's (GOA) role in countering Soviet expansionism and to emphasize our desire to consult closely on matters of mutual concern, e.g. Poland.

2. To point out the importance of a Multinational Force (MFO) in the Sinai to peace in the Middle East and the requirement for an Australian contribution to the MFO.

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RDS 1 & 4, 6/16/01

State Dept. review completed

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3. To express awareness of GOA sensitivity to the extra-territorial application of US antitrust laws and offer assurances of our desire for consultations on this issue.

4. To assure the Prime Minister that the Administration is mindful of the need for good economic relations with developing countries.

5. To confirm that the Administration is committed to the pursuit of nuclear non-proliferation and arms control measures.

III. ISSUES

1. Western Strategic Posture and the Soviet Threat

Prime Minister Fraser has consistently expressed the view that the USSR poses a long term threat to the West. Following the invasion of Afghanistan, he flew to Washington, London, Paris, and Bonn to urge an allied heads of government meeting to coordinate strategy. At that time, he offered support for US military operations directed against Soviet expansionism in Southwest Asia and the Indian Ocean. This led to the recently concluded B-52 transit arrangements, for which Fraser was strongly attacked, and his offer to homeport a US aircraft carrier in Western Australia, on which no formal decision has yet been taken. Most recently, we have worked closely with the GOA, New Zealand, Japan and NATO to set up means by which the three Pacific governments can have their views considered during deliberations on Poland. Fraser is very supportive of the Administration's emphasis on restraint and reciprocity in relations with the Soviets and your commitment to strengthen the US militarily.

2. Sinai Multinational Force

The Australians have been informally asked to contribute to the Sinai Multinational Force (MFO). The press and foreign affairs opinion-making groups are loudly against an Australian contribution. Fraser is believed to personally favor it, but he has said in public that he has yet to make up his mind. He may tell you that his government will agree to make a limited contribution. If he does so, he should be thanked profusely for an action that is likely to bear a significant domestic political cost. If he does not, you may wish to reiterate our request, saying that even a small contribution will have great significance.

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3. Extraterritorial Application of US Laws

The Prime Minister is likely to raise his government's objections to the extraterritorial application of U.S. laws, particularly the antitrust laws, as an impingement on important Australian interests and sovereignty. Examples of conflict include a recently-settled case brought by Westinghouse against four Australian uranium producers (among others) and a lawsuit filed in Pittsburgh by Australian environmentalists to prevent Alcoa and Reynolds Aluminum from continuing certain mining activities in Australia. Australia does not believe our courts or enforcement agencies have taken sufficient account of their sovereign interests in such cases. In retaliation, the GOA has enacted legislation to prevent their companies from providing information to US courts or agencies, and recently introduced legislation which would allow Australian companies to recover in Australian courts the full amount of damages awarded a firm in a U.S. antitrust suit.

Though the dispute over extraterritoriality involves a conflict between the legitimate enforcement of our laws and Australian economic and regulatory policies, much can be accomplished through mutual consultations on these matters. You could forestall Fraser's complaint by acknowledging the seriousness with which we take Australia's views, stating that the Attorney General is prepared to continue talks begun under the previous Administration on a bilateral anti-trust consultation agreement. (FYI: The Administration is considering whether it can support legislation establishing a commission to study the international application of antitrust and other laws).

4. Economic Relations with Developing Countries

PM Fraser is proud of his personal relations with the leaders of developing countries (LDCs). He will host a Commonwealth summit meeting in Melbourne in September (most Commonwealth countries are LDCs). We need to assure him that we are mindful of the need for good economic relations with developing countries. We are reviewing our policies and have already decided to meet all previous commitments to international financial institutions and to encourage a greater private sector role in LDCs, but to put off further preparations for global negotiations in the UN until after the Cancun Summit.

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5. Non-proliferation and Arms Control

The Australians are concerned that the US may abandon or weaken its efforts vis-a-vis nuclear non-proliferation and arms control. They have pressed hard on the Comprehensive Test Ban Treaty (CTBT), but not on Salt II which Fraser personally regarded with some reserve. Fraser should be assured that we are continuing to support the global non-proliferation regime, particularly as it involves the Nuclear Non-Proliferation Treaty, the Treaty of Tlatelolco, International Atomic Energy Agency safeguards, and efforts to enhance regional security and thus reduce motivations to acquire nuclear weapons. We will also try to improve US reliability as nuclear supplier. We have under review all of the issues related to nuclear testing, including the question of a CTBT, and have deferred decision on these issues until the review is completed.

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SCENARIO AND OFFICIAL
PARTY

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SCENARIO

MEETINGS, PARTICIPANTS, AND EMPHASIS OF THEMES AND OBJECTIVES

25X1

PRIVATE MEETING BETWEEN THE PRESIDENTS (Tuesday, June 30, 10:35-11:00 a.m., Oval Office)

Private meeting in which the President expresses appreciation for the Prime Minister's support for US initiatives in face of Soviet threat and for joint installations in Australia.

US Participants: The President; Secretary Haig; and National Security Adviser Allen

Australian Participants: Prime Minister Fraser and Foreign Minister Street

PLENARY MEETING - CABINET ROOM (Tuesday, June 30, 11:00-12:00 a.m.)

- 1 H The Strategic Posture of the West and the Soviet Threat
- 2 H The Multinational Sinai Force and Possible Australian Participation
- 4 M North-South Relations
- 3 M The Extraterritorial Application of US Law
(NOTE: President will express understanding of problem involving extraterritorial application of law and direct Attorney General Smith to consult Australian Attorney General Durack regarding negotiations for agreement on antitrust cooperation. Senator Durack and Attorney General Smith will both attend the ABA Convention in July.)
- 5 L Nuclear Non-Proliferation and Disarmament Policy

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US Participants: The President; Secretary Haig; Secretary Regan; Secretary Weinberger; Attorney General Smith; Assistant Secretary (State) Holdridge; Ambassador to Australia Nesen; James Baker; Edwin Meese; Michael Deaver; Richard V. Allen; and NSC Staff Member Gregg

Australian Participants: Prime Minister Fraser; Foreign Minister Street; Ambassador Parkinson; Secretary of the Department of Prime Minister and Cabinet Yeend; Secretary of the Department of Foreign Affairs Henderson; Secretary of the Department of Defence Pritchett; Director of the Minister's Personal Staff Kemp; and Special Foreign Affairs Adviser Griffith

MEETING WITH SECRETARY HAIG (Tuesday, June 30, 12:30-1:00 p.m., State Department)

H Southeast Asia
H Bilateral Trade and Investment Issues

US Participants: Secretary Haig; Assistant Secretary (State) Holdridge; Ambassador Nesen; Deputy Assistant Secretary (State) Lew; Deputy Assistant Secretary (Defense) Armitage; and NSC Staff Member Gregg

Australian Participants: Prime Minister Fraser; Foreign Minister Street; Ambassador Parkinson; Secretary of the Department of Prime Minister and Cabinet Yeend; Secretary of the Department of Defence Pritchett; Secretary of the Department of Foreign Affairs Henderson; and First Secretary (Australian Embassy) Calvert (Notetaker)

WORKING LUNCHEON WITH SECRETARY HAIG (Tuesday, June 30, 1:00-2:20 p.m., James Madison Room, State Department)

1 H The Soviet Threat and Western Strategic Posture
4 M Economic Relations with the Third World
3 L World Economic Outlook
L Secretary Haig's Trip (China, ASEAN, ANZUS)
L Prime Minister Fraser's Trip (Mexico and Canada)

US Participants: Secretary Haig; National Security Adviser Allen; Deputy Secretary Clark; Under Secretary Stoessel; Ambassador Nesen; Assistant Secretary Holdridge; Senator Sam Nunn; Senator Robert W. Kasten; and Congressman Robert H. Michel

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Australian Participants: Prime Minister Fraser; Foreign Minister Street; Ambassador Parkinson; Secretary of the Department of Prime Minister and Cabinet Yeend; Secretary of the Department of Foreign Affairs Henderson; Secretary of the Department of Defence Pritchett; Director of the Prime Minister's Personal Staff Kemp; Special Foreign Affairs Adviser Griffith; and Policy Planning Adviser Harries

MEETING WITH THE SECRETARY OF DEFENSE (Tuesday, June 30, 3:00-3:45 p.m., Blair House)

- 1, 2 H Western Defense Posture (Mid-East, Southwest Asia, and Indian Ocean; Multinational Sinai Force; Rapid Deployment Force)
- H Bilateral and ANZUS Defense Cooperation
- H Joint Installations
- M Australian Defense Posture

US Participants: Secretary Weinberger; Deputy Secretary Carlucci; Under Secretary (Defense) Ikle; Assistant Secretary (Defense) West; Deputy Assistant Secretary (Defense) Armitage; Special Assistant Rixse; Secretary of Defense's Military Assistant BGEN Smith; Assistant for Australia Eirich; Ambassador Nesen; Assistant Secretary (State) Holdridge; National Security Adviser Allen; and NSC Staff Member Gregg

Australian Participants: Prime Minister Fraser; Foreign Minister Street; Ambassador Parkinson; Secretary of the Department of Prime Minister and Cabinet Yeend; Secretary of the Department of Defence Pritchett; Secretary of the Department of Foreign Affairs Henderson; and Head of the Australian Defense Staff (Washington), Rear Admiral Davidson

MEETING WITH THE COUNSELOR TO THE PRESIDENT AND ASSISTANT TO THE PRESIDENT FOR NATIONAL SECURITY AFFAIRS (Wednesday, July 1, 9:30-10:15 a.m., Blair House)

- H Issues from the Meeting with the President
- H Uranium Enrichment
- M President's Domestic Program
- M Law of the Sea Review

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US Participants: Counselor to the President Meese;
Assistant to the President for National Security
Affairs Allen; Assistant Secretary (State) Holdridge;
Ambassador Nesen; and NSC Staff Member Gregg

Australian Participants: Prime Minister Fraser; Foreign
Minister Street; Ambassador Parkinson; Secretary of the
Department of Prime Minister and Cabinet Yeend; Secretary
of the Department of Foreign Affairs Henderson; Secretary
of Department of Defence Pritchett; and First Secretary
(Australian Embassy) Calvert (Notetaker)

MEETING WITH SECRETARY OF TREASURY (Wednesday, July 1, 10:30-
11:15 a.m., Blair House)

H World Economic Outlook
M Interplay between Summits in Ottawa, Cancun, and
Melbourne
M US Policy toward International Financial Institutions
M Reciprocity for US Banks in Australia

US Participants: Secretary Regan; Under Secretary (Treasury)
Sprinkel; Assistant Secretary (Treasury) Leland;
Ambassador Nesen; and Treasury Officer Shelton (Notetaker)

Australian Participants: Prime Minister Fraser; Foreign
Minister Street; Ambassador Parkinson; First Secretary
(Treasury) Whitelaw; Economic Minister (Australian
Embassy) Hoggett; and Consultant to Prime Minister Rose

Key to order of Importance of Topics

H - Heavy Emphasis
M - Medium Emphasis
L - Light Emphasis

Key to order of Importance of Background Papers

1. Consultations on Polish Contingency Planning
2. Sinai Multinational Force
3. Extraterritorial Application of U.S. Laws
4. Economic Relations with Developing Countries
5. Non-Proliferation and Arms Control

MEMBERS OF THE OFFICIAL AUSTRALIAN PARTY

The Right Honorable Malcolm Fraser, C.H., M.P.
Prime Minister of Australia

Mrs. Tamara Fraser

The Honorable Anthony A. Street, M.P.
Minister for Foreign Affairs

Mrs. Valma Street

His Excellency Sir Nicholas Parkinson
Ambassador of Australia to the United
States

Lady Parkinson

Sir Geoffrey Yeend, C.B.E.
Secretary, Department of the Prime
Minister and Cabinet

Mr. P.G.F. Henderson
Secretary, Department of Foreign
Affairs

Mr. W.B. Pritchett
Secretary, Department of Defence

Mr. C.F. Teese
Deputy Secretary, Department of Trade
and Resources

Professor D.A. Kemp
Director, Prime Minister's Personal
Staff

Professor John Rose
Consultant to the Prime Minister

Mr. Dale Budd, O.B.E.
Senior Administrator, Prime Minister's
Staff

Mr. R.J. Whitelaw, O.B.E.
First Assistant Secretary
Department of the Treasury

Delegation -1-

MEMBERS OF THE OFFICIAL AUSTRALIAN PARTY
(Continued)

Mr. A.T. Griffith, A.M.
Special Adviser, Department of the
Prime Minister and Cabinet

Dr. V.W. Fitzgerald
First Assistant Secretary
Department of the Prime Minister and
Cabinet

Professor Owen Harries
Principal Adviser, Department of the
Prime Minister and Cabinet

Mr. D.F.S. Barnett, O.B.E.
Press Secretary
Prime Minister's Personal Staff

Dr. John Ray
Consultant Physician

Professor Cliff Walsh
Senior Adviser
Prime Minister's Personal Staff

Delegation -2-

MEMBERS OF THE ACCOMPANYING AUSTRALIAN
PARTY

Mr. Denis White
Senior Adviser
Prime Minister's Personal Staff

Mr. R. Gordon
Private Secretary, Office of the
Minister for Foreign Affairs

Mr. G.F. O'Regan
Visit Coordinator
Department of the Prime Minister and
Cabinet

Miss Heather McDonald
Personal Secretary
Prime Minister's Personal Staff

Miss Anne Ryan, M.V.O.
Personal Secretary, Department of the
Prime Minister and Cabinet

Mrs. R.J. Sande
Personal Secretary to Mrs. Fraser

Miss Toni Prior
Assistant Private Secretary, Department
of the Prime Minister and Cabinet

Miss R. Moore
Secretary
Prime Minister's Personal Staff

Miss J. Suter
Secretary
Prime Minister's Personal Staff

Ms. Sue Stone
Secretary/Typist, Office of the
Minister for Foreign Affairs

Delegation -3-

MEMBERS OF THE ACCOMPANYING AUSTRALIAN
PARTY (Continued)

Detective Inspector G. Davidson
Security Officer

Detective Inspector J. Howard
Security Officer

Senior Constable J. Taplin
Security Officer

Delegation -4-

SCHEDULES

THE WHITE HOUSE

WASHINGTON

SUMMARY SCHEDULE OF THE PRESIDENT

EVENT: VISIT OF PRIME MINISTER AND MRS. FRASER OF AUSTRALIA

Tuesday, June 30, 1981

10:00 a.m. Prime Minister and Mrs. Fraser arrive
Diplomatic Entrance.

10:02 a.m. HONORS

10:08 a.m. THE PRESIDENT makes welcoming remarks.

10:13 a.m. Response by Prime Minister Fraser.

10:19 a.m. THE PRESIDENT and Mrs. Reagan escort Prime Minister
and Mrs. Fraser to State Floor and form receiving
line.

10:30 a.m. THE PRESIDENT and Prime Minister Fraser proceed to
The Oval Office for private meeting.

* 11:00 a.m. THE PRESIDENT and Prime Minister Fraser join
expanded meeting in Cabinet Room.

* 12:00 p.m. Meeting in Cabinet Room concludes.

THE PRESIDENT escorts Prime Minister Fraser to The
Oval Office to hold briefly.

* 12:05 p.m. THE PRESIDENT escorts Prime Minister Fraser from The
Oval Office, via Oval Office Walk, to driveway.

THE PRESIDENT bids farewell to Prime Minister Fraser.

Prime Minister Fraser departs The White
House.

* 12:10 p.m. THE PRESIDENT returns to The Oval Office.

(Refer to daily schedule for remainder of day.)

* Denotes approximate time.

6/23/81 12:30 p.m.

Tuesday, June 30, 1981 - Continued

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7:30 p.m. THE PRESIDENT and Mrs. Reagan greet Prime Minister and Mrs. Fraser at North Portico and proceed to Yellow Oval Room.

7:45 p.m. THE PRESIDENT and Mrs. Reagan, and Prime Minister and Mrs. Fraser proceed from Yellow Oval Room, down Grand Staircase, and into East Room to form receiving line.

THE PRESIDENT and Mrs. Reagan, and Prime Minister and Mrs. Fraser proceed from East Room to State Dining Room to be seated for dinner (at conclusion of receiving line).

9:15 p.m. THE PRESIDENT offers a toast.

Prime Minister Fraser responds to toast.

9:30 p.m. THE PRESIDENT and Mrs. Reagan, and Mr. and Mrs. Michael K. Deaver will be escorted into Blue Room, as guests are brought in to mix and mingle.

10:05 p.m. THE PRESIDENT and Mrs. Reagan are joined in Blue Room by Prime Minister and Mrs. Fraser, and proceed to East Room for entertainment.

10:45 p.m. Conclusion of entertainment.

10:45 p.m. THE PRESIDENT makes brief remarks.

10:50 p.m. THE PRESIDENT and Mrs. Reagan escort Prime Minister and Mrs. Fraser to North Portico for departure.

THE PRESIDENT and Mrs. Reagan return to Main Foyer to begin the dancing.

6/23/81 12:30 p.m.

VISITOR'S SCHEDULE

OFFICIAL VISIT OF AUSTRALIAN PRIME MINISTER FRASER AND MRS. FRASER
JUNE 29-JULY 1, 1981

Monday, June 29, 1981

5:00 p.m. Arrival at Andrews Air Force Base
Private Dinner and Unscheduled Evening at
Blair House

25X1

Tuesday, June 30, 1981

8:00-9:00 a.m. Breakfast Meeting at Blair House

10:00-12:15 noon Arrival Ceremony at the White House followed by 25X1
Meeting with the President

12:30-2:30 p.m. Meeting with Secretary Haig followed by Luncheon
Hosted by the Secretary in the James Madison Room--
State Department

3:00-3:45 p.m. Meeting with the Secretary of Defense

5:00 p.m. Press Conference at Blair House

7:30 p.m. Official Dinner at the White House (black tie)

Wednesday, July 1, 1981

7:00 a.m. Interview with NBC "Today Show" at Blair House

9:30-10:15 a.m. Meeting with the Counselor to the President and
Assistant to the President for National Security
Affairs at Blair House

10:30-11:15 a.m. Meeting with the Secretary of Treasury at Blair
House

12:00 noon Luncheon hosted by Mr. William Baroody, Jr.,
President of the American Enterprise Institute

2:30 p.m. Motorcade Departs from Blair House

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2:35 p.m. Departure Ceremony at the Washington Monument
Grounds

2:40 p.m. Departure by Helicopter from the Washington
Monument Grounds

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CONSULTATIONS ON POLISH CONTINGENCY PLANNING

Since the crisis heated up late December we have been in close touch with the Australians. We have briefed them both on our assessment of the situation, and on the results of NATO contingency planning discussions. They have welcomed this warmly in repeated communications from the Prime Minister and his Foreign Minister.

Based on an Australian suggestion we have convinced the Allies of the possible value of inviting high level representation on the part of the Australians, the New Zealanders, the Japanese and the Spanish in an informal way at post-intervention Allied deliberations in Brussels. They would not take part in a regular NATO meeting but something would be worked out to give them a sense of involvement.

NATO has also initiated a ground breaking formula--for the Alliance--in which three NATO Allies are authorized to brief these non-members on contingency planning developments. This has supplemented our contacts with the Australians. Canberra, therefore, is fully aware of the breadth of the political and economic items being considered by the Allies. Foreign Minister Anthony Street will travel to Brussels if there is a Polish crisis.

In their own fashion, the Australians have asked the Allies a number of difficult questions about how agricultural items would be treated should there be a general embargo and about the role of imports. They have not pressed for answers and we believe it would be a mistake to reopen the NATO package at this point as it might lead to some fraying which would be noticed by the Soviets and thus lower our deterrent.

We continue to remind the Allies, however, of the need to be in a position to make quick decisions on the allied measures so that we could implement an effective response should the Soviets intervene. We also want all allies--including our ANZUS friends--to take appropriate occasions to signal to the Soviets that the cost would be swift and high.

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RDS 1&3 (6/17/01)
(Gompert, David C.)

BRIEFING PAPER

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SINAI MULTINATIONAL FORCE

Australian participation in the Sinai Multinational Force (MFO) is essential to the success of our efforts to set up the MFO. We have had extensive informal discussions with the Australians regarding their possible participation. Until the Israeli raid against the Iraqi nuclear facility, Prime Minister Fraser appeared inclined to agree to Australian participation. However, he is under pressure to stay out from within the GOA, from his Labor Party opposition, and from most of the press. After their losses at Gallipoli in World War I, Singapore and in Vietnam, many Australians are reluctant to send troops far from home to serve under foreign command in ambiguous situations. Inability to get UN Security Council approval for a UN peacekeeping force and lack thus far of European participation heighten this reluctance. (We intend to seek the participation of Italy and the Netherlands eventually, but have not yet informed the Australians.) A fear also exists among some, despite our repeated efforts to correct this misapprehension, that the MFO is merely a stalking horse for an American-led rapid deployment force leading to direct involvement in a superpower confrontation in the Middle East. Furthermore, many within the Australian military feel their small forces are already stretched too thin. Some Australians are worried that their important trade in agricultural products with the Arabs will suffer.

Without a Sinai Multinational Force, the Egyptian-Israeli peace treaty will be put into serious jeopardy. The Treaty is the cornerstone of stability in the Middle East, and Western interests would be endangered should it not be implemented fully. We have underscored the great importance we attach to having our allies join us in this enterprise. We also have responded to concerns raised by the ALP opposition, emphasizing that the MFO's sole function is implementation of the treaty's peacekeeping provisions for the Sinai. We have advised the GOA of our view, after soundings with Jordan, Saudi Arabia and the Gulf States, that Arab countries will not oppose participation by other nations in the MFO, which ultimately serves Arab interests by enabling Egypt to recover the Sinai. Prime Minister Fraser has stated that in the aftermath of the Israeli raid on Baghdad it is all the more important that we act to reinforce the basis that exists for peace and stability in the Middle East.

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EXTRATERRITORIAL APPLICATION OF US LAWS

Prime Minister Fraser is expected to raise this increasingly important issue with the President. "Extra-territorial jurisdiction" involves the applications of US statutes, regulations, or judicial orders to conduct or documents abroad. Our antitrust laws, which may reach conduct abroad directly and substantially affecting US commerce, are often criticized by foreign governments as impinging on their sovereignty; however, in principle, extraterritorial jurisdiction is Congressionally sanctioned and compatible with international law. The Australians objected strongly to Westinghouse's private suit against Australian and other uranium producers allegedly involved in a world-wide cartel to fix prices and allocate supplies. They also object to US proceedings involving Pacific Ocean shipping practices and a suit in Pittsburgh by Australian environmentalists seeking to require Alcoa and Reynolds Aluminum to meet US environmental standards in their Australian operations. (The USG has not taken a position on the jurisdictional issues in the private suits.)

These lawsuits implicate important Australian commercial and development policies, and Australia has sought both USG support for their positions in court and changes in our underlying enforcement and jurisdictional policies. In the Westinghouse case, the USG twice urged the court to consider the foreign governments' views on grounds of international comity. Separately, we undertook to negotiate a bilateral antitrust cooperation agreement providing for close consultation on Australian commercial policies and US antitrust enforcement intentions. We also are reviewing our guidelines relating to the submission of foreign government views to courts. We recently declined to agree to appear in US courts on behalf of Australia whenever they identified issues of significance to them.

Unfortunately the court did not prove receptive to Australia's views on the uranium lawsuit, and progress on the cooperation agreement has been slow because of differences over its proper scope, although we continue to seek a satisfactory solution. Australia has enacted retaliatory legislation to prevent disclosure of information to US courts if the Government disapproves, and last week the Government proposed legislation to enable Australian companies to recover the full amount of antitrust damages paid in a US suit. We see both actions as contrary to principles of comity, but they demonstrate the depth of Australian concerns.

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BRIEFING PAPER

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ECONOMIC RELATIONS WITH DEVELOPING COUNTRIES

Three international meetings on this subject will be held in the immediate future. Allies are concerned that the Administration's emphasis on budget cutting and on military security will lead to a decrease in resources available for economic development and to increased confrontation with developing countries. Australia and others also feel that there is a political need to be "responsible" at least to the more reasonable of the developing countries' demands for reform of the international economic system.

These issues are currently centered in the proposal for "global negotiations" under the UN General Assembly on all major economic problems. The U.S. has opposed global negotiations because we have been unable to obtain procedures which adequately protect the integrity of the IMF, World Bank, and the GATT and because the proposed agenda is more a list of developing countries than a list of mutual concerns. Australia and our other allies were willing to continue negotiating procedures and agenda with the developing countries during May-July, but we believe that this could only lead to confrontation and damage the prospects of the forthcoming meetings. On May 5 we proposed that the UN defer this issue until after the summit conference in Cancun, Mexico.

President Reagan will attend the Cancun Summit in October with 21 other heads of state or government. Prime Minister Fraser was not invited by the eleven sponsoring governments only because they needed to arrange a representative group of a limited number of participants and Australia fell at the margin. (Italy, the Netherlands, Peru, and Argentina are also among those left out.)

We see the Cancun Summit as a useful opportunity for an exchange of views on global economic problems. We expect it to be open and informal with no formal agenda and no communique. No decisions should be taken about global negotiations or any other specific issue, but we expect to receive considerable pressure from other participants to declare our willingness to resume preparatory negotiations.

Preceding Cancun is the Ottawa Summit of seven economic powers in July and the Commonwealth Summit which Fraser will host in Melbourne in September. Both meetings will focus on economic relations with developing countries. Fraser will be very interested in our plans for the Ottawa Summit, especially any changes in the U.S. position on global negotiations, because these could affect the Melbourne summit.

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BRIEFING PAPER

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NON-PROLIFERATION AND ARMS CONTROL

Australia is a strong advocate of non-proliferation and also consistently prods the superpowers to negotiate limits on their nuclear arsenals (e.g. SALT and a comprehensive test ban treaty -- CTBT). However, they have not yet pressed the new Administration on these matters. Australia is a party to the Nuclear Non-Proliferation Treaty (NPT) and a strong supporter of International Atomic Energy Agency (IAEA) safeguards. The Australians believe that a CTBT would not only limit existing nuclear stockpiles, but also help prevent proliferation by offering a treaty that is more appealing for certain countries (e.g. India, Pakistan, Israel) than the NPT.

Given its commitment to non-proliferation and potential as a major supplier of uranium, Australia has negotiated nuclear supply agreements with several countries that include very stringent terms. The Australian-US nuclear supply agreement entered into force in January of this year.

The US and Australia have always consulted closely on non-proliferation, particularly since both countries are or will be major nuclear suppliers. Since Australia does not have a nuclear power program, our relations on nuclear matters did not suffer during the last administration as they did with Europe and Japan. If our non-proliferation policy is not announced prior to the visit, Fraser will probably inquire about the progress of the policy review. We can reassure him that non-proliferation will be a major foreign policy objective of this Administration. Recent events have reinforced the importance of dealing with the motivations that propel states toward the acquisition of nuclear explosives, as well as supporting measures that can control the potential for proliferation. The US will continue its strong support for NPT adherence, for effective IAEA safeguards, and for cooperation among supplier countries on reducing proliferation risks in sensitive regions. While the US is planning a major program to improve Pakistan's defenses in the wake of the Soviet invasion of Afghanistan, the US has expressed serious concern to both Pakistan and India over the negative effect on regional security of any nuclear explosive testing.

On a CTBT, we will have to limit any comment to an indication that all issues related to nuclear testing, including negotiations on a CTBT, are under review, and that we hope this review will be completed at an early date.

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SUGGESTED TALKING POINTS FOR JUNE 30

MEETING WITH PRIME MINISTER MALCOLM FRASER

- Thanks for strong response to Soviet attack on Afghanistan.
- We will stay in close touch re the Polish situation.
- Hope that Australia can take part in Sinai Force.
- Urge Attorney General Smith to look into and solve legal problems (anti-trust laws).
- US remains deeply interested in development of "Third World."
- US remains strongly opposed to nuclear proliferation.
- US will try to seek wider Australian participation in future international meetings like Ottawa and CANCUN.

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REMARKS AND TOAST

WELCOMING REMARKS: PRIME MINISTER MALCOLM FRASER
JUNE 30, 1981

Prime Minister Fraser, the American people welcome you to our country with the deep and heartfelt warmth reserved for only the best of friends. Nancy and I are pleased to be able to welcome you and Mrs. Fraser, representatives of a country with whom we are proud to be allied and a people we are grateful to have as friends.

Robert Louis Stevenson wrote: "We are all travelers in what John Bunyan calls the wilderness of this world, and the best that we find in our travels is an honest friend . . . They keep us worthy of ourselves."

The people of Australia are honest and loyal friends, independent of mind and will, who bring strength of character and courage to the international community. America is proud to have such an ally in a world where freedom and democracy are constantly challenged.

Australians have fought side by side with Americans in every major war in this century. They have opened their hearts and homes to us when we were away from home. And they have stood with us in good times and bad. America is grateful to have such steadfast friends.

You, Mr. Prime Minister, are a world leader who has made Australia a force for peace. Under your government, Australia has done much to bring independence and economic growth to developing countries as close as Southeast Asia and as far away as Africa. There you played a key role in

Commonwealth consultations leading to the independence of Zimbabwe.

Together with New Zealand, Australia and America have shared the bond of the Tripartite ANZUS Alliance for thirty years, working together to maintain peace and security in the East Asian and Pacific regions.

As Sir Robert Menzies said, "We work for the same kind of free world."

We see the world from similar perspectives, though no two countries could be on more opposite ends of the globe. We share values shaped on the New World frontier, passed to us as our heritage.

We live in freedom and will accept no other life. We govern ourselves in democracy and will not tolerate anything less. We cherish liberty and hold it safe, providing hope for the rest of the world. We were born in the same era, sprang from the same stock and live for the same ideals. Australia and America share an affinity that reaches to our souls.

You have said, Mr. Prime Minister, that the liberty we enjoy has no guarantee. Its preservation requires skill, determination and strength. But first, and most importantly, liberty requires an understanding by ordinary people of what is at stake. The survival of a whole way of life depends on their commitment.

The Australian example is an inspiration for free people everywhere. You may be assured that America will

remain vigilant, will keep herself strong and will always be a dependable partner in the quest for stability, freedom and peace.

Australia is, indeed, a friend who keeps us worthy of ourselves.

Prime Minister Fraser, I look forward to our meetings today as an opportunity to enhance our cooperation with one of our closest allies. But it will also be a pleasure to get to know the Frasers better, strengthening the personal friendship between our two lands. On behalf of all Americans, I welcome you to the United States.

STATE DINNER TOAST: PRIME MINISTER MALCOLM FRASER
JUNE 30, 1981

Today has been a pleasure. As Prime Minister Fraser and I discussed bilateral issues and world questions, it was clear that the bonds between us and the bonds between our countries are strong.

We both are committed to growth economies based on free enterprise. As the Prime Minister said, "A philosophy cannot be mere words. It must guide policy and be expressed in action." This he has done, bringing down inflation and spurring growth by cutting government spending, limiting bureaucracy, abolishing unnecessary regulations and cutting taxes. In his words, Australia has "passed the ball to private enterprise which has now picked it up and is running hard."

We in America are on our way to doing the same.

And internationally, our ideas are also similar. We both recognize the responsibility of freedom and are prepared to shoulder it squarely.

In culture and business our societies cooperate to share opportunities, understanding and friendships. We have hit on only one, minor snag, that being sporting competition. Now, the America's Cup, I understand how that's friendly. We usually win. But the U.S. Open is something else, again. And David Graham says he isn't through with us yet.

But Australia, like America, is a country where anything can happen, and where anything can be achieved because the people are free.

Australian history, Mark Twain wrote, "is full of surprises, and adventures, and incongruities, and contradictions, and incredibilities; but they are all true, they all happened."

Well, it's the same way here. But that's our secret. We do not stagnate in a planned and withering, government-dominated existence. We are free to be all we can imagine.

The dynamics of the Australian way of life make her an even more powerful ally and the vitality of her people make her an even stronger friend.

I would like to propose a toast to the Prime Minister of Australia, and Mrs. Fraser, to the continued friendship and cooperation between our two countries, and to Her Majesty, the Queen. The Queen.

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